

Message Text

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42

ACTION ARA-20

INFO OCT-01 ISO-00 SSO-00 NSCE-00 INRE-00 EB-11 OPIC-12

COME-00 FEA-02 OMB-01 TRSE-00 IGA-02 AID-20 SS-20

SP-03 L-03 NSC-07 CIAE-00 INR-10 NSAE-00 RSC-01 STR-08

CIEP-02 XMB-07 DRC-01 /131 W
----- 048473

O 061543Z MAY 74 ZFF-1

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC IMMEDIATE 3662

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FOR DELIVERY TO DEPUTY ASSISTANT SECRETARY SCHLAUDEMANN BEFORE
3:30 P.M. MAY 6

E.O. 11652: N/A

TAGS: EMIN PGOV PFOR ENRG ELAB VE

SUBJECT: DISCUSSION OF NEW ECONOMIC NATIONALISM MEASURES WITH
VENEZUELAN AMBASSADOR

REF: STATE 92305

1. WE HAD ALREADY BEEN GIVING THOUGHT ALONG LINES OUTLINED
STATE 92058 BUT WOULD WITH ALL RESPECT DESIRE TO SUGGEST NEED FOR
COLLECTING OF HARD FACTS AS TO DEGREE OF ACTUAL AND IMMINENT INJURY
WITH WHICH U.S. BUSINESS INTERESTS IN VENEZUELA MAY BE THREATENED.

2. SO FAR AS OUTRIGHT EXPROPRIATION OF A U.S.-OWNED PROPERTY
IS CONCERNED, PRESIDENT PEREZ'S SPEECH OF APRIL 29 REFERRED SPEC-
IFICALLY ONLY TO IRON ORE AND THEREFORE TO TWO U.S. COMPANIES, U.S.
STEEL AND BETHLEHEM. HOWEVER, BOTH HE AND THE OPPOSITION COPEI
PARTY HAVE REPEATEDLY ANNOUNCED DETERMINATION LIKEWISE TO "NATION-
ALIZE ALL PETROLEUM RESOURCES IN THE COUNTRY, WHICH WOULD OF COURSE
AFFECT MAJOR AMERICAN INTERESTS. WE HAVE YET, HOWEVER, TO DETERMINE
THE DEGREE AND MEANS OF APPLICATION OF MEASURES NOT YET ANNOUNCED

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WITH RESPECT TO "NATIONALIZATION" OF THE EXTRACTIVE INDUSTRIES.

3. WE SOUGHT (IN CARACAS 3919) TO MAKE THE DISTINCTION BETWEEN "NATIONALIZATION" AND "VENEZUELANIZATION" AND THESE DISTINCTIONS WILL BE IMPORTANT TO KEEP IN MIND WHEN WE RESPOND TO DEPARTMENT'S INSTRUCTION SET OUT STATE 92058 TO FORMULATE PROPOSALS FOR ALTERNATIVE WAYS IN WHICH U.S. BUSINESS INTERESTS IN VENEZUELA WHICH ARE THREATENED BY PRESIDENT PEREZ'S STATEMENT CAN BE PROTECTED AND HOW OUR BASIC POLICY CAN BE EFFECTIVELY SET FORTH TO THE VENEZUELAN.

4. HOWEVER, IN KEEPING THESE TWO DISTINCTIONS CLEARLY IN MIND AND IN ENDEAVORING TO ASSESS THE DEGREE OF INJURY AS BETWEEN "NATIONALIZATION" AND "VENEZUELANIZATION" WE FIRST OF ALL NEED HARD FACTS. I HAVE INVITED STANLEY COHLMAYER, PRESIDENT OF ORINOCO MINING, TO LUNCH WITH ME TODAY, AND TOMORROW WILL HAVE GENERAL ALFONZO RAVARD ALSO FOR A CONFIDENTIAL LUNCHEON. IRONICALLY, ALFONZO RAVARD IS TO SOME EXTENT IN THE SAME BOAT NOW WITH THE AMERICAN-OWNED STEEL COMPANIES. I WOULD THEN PROPOSE TO DISCUSS THE VENEZUELAN GOVERNMENT'S PROPOSED POLICIES WITH THREE KEY MINISTERS, NAMELY, THE MINISTER OF MINES AND HYDROCARBONS, THE MINISTER OF COMMERCE AND DEVELOPMENT, AND THE INCREASINGLY POWERFUL (BUT TO ME PERSONALLY, FRIENDLY) MINISTER OF STATE PLANNING. ABOVE ALL, I DO NOT, REPEAT NOT, WISH TO APPROACH ANY OFFICIALS IN MORE THAN TENTATIVE WAY IN ORDER TO FORESTALL VENEZUELAN ACTIONS WHICH MIGHT BE DEFINITIVE AND WITHOUT RECOURSE NO MATTER WHAT OUR OWN REACTIVE POLICIES MAY PROVE TO BE.

5. IN CONSEQUENCE, WE WELCOME INDICATION IN STATE 92305 THAT DEPUTY ASSISTANT SECRETARY SHLAUDEMANN WILL RECEIVE THE VENEZUELAN AMBASSADOR THIS AFTERNOON AND TRUST THAT HE TOO AT SUCH A MEETING WILL BE ABLE FURTHER TO EXPLORE THE GROUND WITHOUT PRECIPITATING ACTION BY EITHER SIDE AT THIS TIME.

6. WE HOPE WITHIN A SHORT WHILE TO BE IN POSITION TO FORMULATE THE RECOMMENDATIONS REQUESTED IN STATE 92058.
MCCLINTOCK

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